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1991/12/31

ACTION

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ACTION: PK (01)

INFO: NEA (02) RA (01) MIL (01) SE (01) IN (02)
----- 31/125Z AS US TOTAL COPIES: 027
ACTION NEA-00

INFO LOG-00 ACOA-13 AMAD-01 CCA-01 CEC-01 "IAE-00" COME-04
C-01 DODE-00 DOEE-00 DPR-01 EAP-00 EB-00 EUR-00
E-01 W-01 INRE-00 INR-01 10-19 L-00 ADS-00
NRC-02 NSAE-00 NSCE-00 OES-09 OIC-02 PA-01 PR-00
PRS-01 SNP-00 SP-00 SS-00 STR-20 TRSE-00 T-01
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P 310824Z DEC 91
FM AMEMBASSY ISLAMABAD
TO SECSTATE WASHDC PRIORITY 2798
INFO AMCONSUL LAHORE
AMCONSUL KARACHI
AMCONSUL PESHAWAR
AMEMBASSY NEW DELHI
AMEMBASSY BEIJING
AMEMBASSY LONDON
USIA WASHDC 4844

CONFIDENTIAL ISLAMABAD 19576

LONDON FOR POL JOHNSON

USIA FOR NEA - RUGH

E.O. 12356: DECL: OADR
TAGS: MNUC, PREL, KNMP, CH, PK
SUBJECT: PAK-CHINESE NUCLEAR COOPERATION:

SALE OF A PRC NUCLEAR POWER PLANT?

REFS: A) 89 ISLAMABAD 25421; B) 89 ISLAMABAD 25901;
C) 91 ISLAMABAD 12710; D) 91 ISLAMABAD 16751; E) 91
BEIJING 40686;

1. (C) SUMMARY: THE FRONTIER POST REPORTED ON DEC. 28 THAT A GOP DELEGATION WAS IN BEIJING TO FORMALIZE THE PRC'S SALE TO PAKISTAN OF A 300-MEGAWATT NUCLEAR POWER PLANT. A FINANCE AGREEMENT WAS REPORTEDLY BEEN REACHED, AND THE NEW PLANT IS SAID TO BE SUBJECT TO IAEA SAFEGUARDS.

END SUMMARY.

2. (U) THE ENGLISH-LANGUAGE DAILY FRONTIER POST GAVE FRONT-PAGE COVERAGE DEC. 28 TO A REPORT THAT THE CHINESE GOVERNMENT HAS AGREED TO SELL PAKISTAN A 300-MEGAWATT NUCLEAR POWER PLANT. ACCORDING TO THE REPORT, PAK ATOMIC ENERGY COMMISSION CHAIRMAN ISHFAQ AHMAD WAS CURRENTLY IN BEIJING TO SIGN THE AGREEMENT FOR THE SALE OF THE REACTOR. THE POST ARTICLE QUOTED AN ANONYMOUS SOURCE AS SAYING "THIS IS GOING TO BE CHINA'S NEW YEAR PRESENT TO PAKISTAN." THE PLANT, MODELLED ON THE RECENTLY COMPLETED 300-MEGAWATT QINSHAN POWER STATION, WILL BE BUILT AT CRASHMA (NEAR MIANWALI IN THE PUNJAB) ON THE INDUS RIVER AND WILL TAKE SIX YEARS TO COMPLETE. CHINA WILL ALSO REPORTEDLY SUPPLY OVER 200 TONS OF ENRICHED URANIUM

TO FUEL THE PLANT, ALTHOUGH THE LEVEL OF ENRICHMENT WAS NOT INDICATED. NOTE: CRASHMA WAS THE DESIGNATED SITE FOR THE NUCLEAR REPROCESSING PLANT WHICH THE FRENCH CONTRACTED TO BUILD IN THE EARLY 70S. THE

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FRENCH EVENTUALLY RENEGED ON THE DEAL AS A RESULT OF INFORMATION THE U.S. PROVIDED ABOUT PAK NUCLEAR INTENTIONS. END NOTE.)

3. (U) ACCORDING TO THE FRONTIER POST, THE FINANCIAL AND TECHNICAL DETAILS OF THE PURCHASE HAD BEEN FINALIZED DURING PRESIDENT ZIK'S VISIT TO BEIJING LAST YEAR. THE CHINESE WERE SAID TO BE READY TO GIVE "A SUPPLIER'S I.E. SHORT-TERM CREDIT" TO FINANCE THE USD 500 MILLION FOREIGN EXCHANGE COMPONENT OF THE SALE.

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5. (U) NOTING THAT THE SALE OF THE PLANT REPRESENTED CHINA'S FIRST EXPORT OF A NUCLEAR POWER PLANT, THE POST ARTICLE STATED THAT THE PLANT WOULD BE COVERED BY IAEA SAFEGUARDS BECAUSE, ALTHOUGH CHINA

HAD NOT YET SIGNED THE NPT, "CHINA FULLY ADHERES TO IAEA LAWS." WHILE OBSERVING THAT THE CHINESE PARLIAMENT WAS CURRENTLY DEBATING WHETHER TO SIGN THE NPT (REF D), THE ARTICLE CLAIMED THAT THE SAFEGUARDED STATUS OF THE POWER PLANT WOULD REMAIN UNCHANGED.

6. (U) THE FRONTIER POST STORY ALLEGES THAT IT WAS LI PENG'S OFFER OF A NUCLEAR PLANT IN 1989 WHICH HAD PROMPTED THE FRENCH TO FOLLOW SUIT WITH AN OFFER OF A 900-MEGAWATT REACTOR. ACCORDING TO THE NEWSPAPER, HOWEVER, MEMBERS OF THE PAK NUCLEAR ESTABLISHMENT ARE NOW NO LONGER EXCITED BY THE FRENCH OFFER AND ARE QUOTED AS SAYING "OUR HANDS ARE GOING TO BE FULL: ONE AT A TIME IS A BETTER SCIENTIFIC PROPOSAL."

NOTE: THE COF AND THE GOP HAVE BEEN NEGOTIATING THE SALE OF A POWER PLANT FOR MORE THAN A DECADE. END NOTE.)

7. (U) THIS PRESS REPORT FOLLOWS ON THE HEELS OF THE DEC 21-24 VISIT TO PAKISTAN OF MADAME HU QINENG, THE VICE-PRESIDENT OF THE CHINESE ACADEMY OF SCIENCES. DURING HER VISIT, HU REPORTEDLY WORKED OUT AN AGREEMENT WITH THE PAKISTAN ATOMIC ENERGY COMMISSION (PAEC) FOR COOPERATION IN THE FIELD OF NUCLEAR ENERGY.

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